

## Message Text

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17

ACTION NEA-09

INFO OCT-01 ISO-00 EUR-12 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 EB-07 AID-05 ACDA-05 FEA-01 IO-10 AF-06

TRSE-00 /100 W

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R 130855Z JAN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1934

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

USCINCEUR

C O N F I D E N T I A L SECTION 1 OF 2 KUWAIT 0177

JIDDA PLEASE PASS SENATOR PERCY

E.O. 11652: GDS

TAGS: PFOR, ENRG, OVIP (PERCY, SENATOR CHARLES) KU, US

SUBJ: VISIT OF SENATOR PERCY TO KUWAIT

1. SUMMARY: SENATOR AND MRS. PERCY PAID QUICK BUT, WE BELIEVE, VERY WORTHWHILE VISIT TO KUWAIT JAN 9-11. PROGRAM INCLUDED FRIDAY AUTO TRIP TO DESERT AND OIL FIELDS, EVENING RECEPTION FOR YOUNG KUWAITIS AND OTHERS WHICH INCLUDED LIVELY QUESTION AND ANSWER PERIOD, AND SATURDAY CALLS ON AMIR, CROWN PRINCE/PRIMEMIN AND FOREIGN MINISTER. DOMINANT THEMES IN ALL DISCUSSIONS WITH KUWAITIS WERE US ROLE IN MID-CONFIDENTIAL

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EAST, KISSINGER REMARKS IN BUSINESS WEEK ET SEQ RE POSSI-

BILITY US ARMED ACTION, AND ENERGY ISSUES. NOTEWORTHY ITEM WAS CROWN PRINCE/PM JABER AL-AHMAD'S DISCLOSURE KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT (CAPITALIZATION: 3.5 BILLION DOLLARS) HAS BEEN TASKED WITH DRAWING UP PROPOSAL FOR OPEC LOW INTEREST FUND FOR NEEDY DEVELOPING COUNTRIES TO BE ADMINISTERED THROUGH WORLD BANK. FOLLOWING ARE HIGHLIGHTS PERCY'S TALKS WITH GOK OFFICIALS (Q AND A SESSION BEING REPORTED SEPARATELY.)

2. CALL ON AMIR: PERCY DESCRIBED HIS TOUR PREVIOUS DAY OUTSIDE KUWAIT CITY WHICH GAVE HIM FEELING OF THE VASTNESS OF AREA'S HINTERLAND AND SENSE OF KUWAIT'S PAST, AS WELL THE PRESENT UNDER IMPACT OF OIL. AMIR DESCRIBED KUWAIT'S EVOLUTION FROM OLD TO NEW. IN ANSWER SENATOR'S QUESTION ON MIDEAST SITUATION, AMIR SAID HE HAD NOT ALTERED HIS VIEW THAT KEY TO SOLUTION OF PROBLEM REMAINED "BETWEEN WHITE HOUSE AND STATE DEPARTMENT". PERCY EMPHASIZED US CONTINUING DO EVERYTHING POSSIBLE TO HELP BRING ABOUT PEACE, AND HE BELIEVED KUWAITIS SUPPORTED ALL SUCH EFFORTS. HOWEVER US OF COURSE COULD NOT SOLVE PROBLEM ALONE. SETTLEMENT REQUIRED COOPERATION AND UNDERSTANDING OF ALL INTERESTED PARTIES. AMIR SAID THREATS BY GREATEST POWER ON EARTH (THE US) TO USE FORCE AGAINST SMALL NATIONS LIKE KUWAIT WERE REGRETTABLE. IT WAS LUDICROUS TO THINK THAT TINY NATION OF KUWAIT POSED ANY THREAT TO GIANT LIKE US AND PUZZLING WHY US SAW NEED TO POINT OUT ITS OVIOUS ABILITY OVERWHELM KUWAIT BY FORCE. PERCY REPLIED IT CLEAR THERE WAS GREAT DEAL OF MISUNDERSTANDING ABOUT KISSINGER'S STATEMENTS ON SUBJECT. MR. KISSINGER HAD BEEN SPEAKING HYPOTHETICALLY AND, SENATOR ADDED, HE HIMSELF CERTAINLY DID NOT FORESEE SITUATION DETERIORATING TO POINT WHERE US WOULD DECIDE FORCE WAS REQUIRED. AMIR SAID SOLID REALTIONS BETWEEN NATIONS WERE BUILT UPON RESPECTIVE INTERESTS. NECESSARY UNDERSTANDING AND FRIENDSHIP FOLLOWED WHERE NATIONAL INTERESTS OVERLAPPED. US NEEDED TO DEVELOP ITS FRIENDSHIP WITH ARABS AND SHOULD AVOID ANY ACTION WHICH CREATED MISUNDERSTANDING. AMIR SAID HE WAS WORRIED ABOUT "GAP" WHICH SEEMED TO HAVE APPEARED IN US-EGYPTIAN RELATIONS. PERCY REITERATED US DESIRE FOR PEACE AND FULL AWARENESS OF IMPORTANCE TO WHOLE WORLD OF PEACE IN MIDDLE EAST.

3. CALL ON FOREIGN MINISTER: PERCY REFERRED TO RECENT DEVELOPMENTS ON ENERGY FRONT AND US ACTIONS DESIGNED TO COPE WITH

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ENERGY PROBLEMS. PURPOSE OF AMERICAN CONSULTATIONS WITH CONSUMERS WAS NOT TO CONFRONT PRODUCERS BUT, ON CONTRARY, TO DEVELOP CLEAR AND ARTICULATE POSITIONS ON THE MANY DISPARATE AND COMPLICATED ISSUES INVOLVED. WITHOUT SUCH PRELIMINARY WORK, PRODUCER-CONSUMER MEETINGS NOT LIKELY ACHIEVE POSITIVE RESLUTS. PERCY SAID US DETERMINED REDUCE ITS WASTE OF ENERGY, AND HE DESCRIBED HIS EFFORTS HELP PUT TOGETHER PROGRAM OF ENERGY CONSERVATION. ESSENTIAL TO SUCCESS OF THIS PROGRAM WAS PRODUCER

UNDERTAKING NOT AGAIN RAISE OIL PRICES. FURTHER OPEC CUTS IN PRODUCTION AND HIGHER PRICES WOULD NEGATE CONSERVATION EFFORT AND COULD LEAD TO ECONOMIC CATASTROPHE THAT BOUND TO ENVELOP BOTH SIDES. FOREIGN MINISTER SAID OPEC MEETING IN ALGIERS DESIGNED TO DISCUSS WHOLE SUBJECT. KUWAIT, HE SAID, HAD ACCEPTED FRENCH PROPOSAL FOR MEETING BETWEEN CONSUMERS, PRODUCERS AND DEVELOPING COUNTRIES AND HE HOPED US-FRENCH CONSULTATIONS AT MARTINIQUE HAD ENHANCED PROSPECTS FOR FRITFUL DISCUSSIONS AMONG ALL PARTIES CONCERNED. KUWAIT UNWILLING TO GO TO ANY CONFERENCE TO DISCUSS OIL ONLY; PRICES OF MANY OTHER ESSENTIAL COMMODITIES WERE RELEVANT TO OVERALL PROBLEM OF INFLATION. KUWAIT, FONMIN CONCLUDED, WANTED CONFERENCE "AS SOON AS POSSIBLE."

B. FOREIGN MINISTER SAID KISSINGER STATEMENTS ON POSSIBILITY OF US ARMED INTERVENTION MOST UNFORTUNATE AND THEIR MOTIVES DIFFICULT TO UNDERSTAND. HE DID NOT BELIEVE, HE SAID, THAT US WOULD CARRY OUT ANY SUCH THREAT BUT "WE WILL HAVE TO PREPARE OURSELVES". (HE DID NOT ELABORATE ON THIS POINT.) ARABS, FOREIGN MINISTER WENT ON, DID NOT WANT INCREASED RUSSIAN PRESENCE IN MIDEAST AND WOULD TURN MORE TO RUSSIA ONLY IF THERE NO ALTERNATIVE. IT WAS ESSENTIAL THAT US ENCOURAGE ARAB CONFIDENCE AND TRUST IN AMERICAN MOTIVES, PLANS AND ACTIONS ON WHOLE ARAB-ISRAELI ISSUE AS WELL AS ENERGY MATTERS. FONMIN STRESSED IMPORTANCE OF STRONG US-EGYPTIAN RELATIONS. PERCY REVIEWED ELEMENTS OF US SUPPORT FOR EGYPT INCLUDING 250 MILLION DOLLAR ECONOMIC AID AND DISCUSSION OF NUCLEAR PLANT.

C. FONMIN MAINTAINED IT WAS JUST AS MUCH IN US AND ISRAELI AS IN ARAB INTEREST THAT ISRAEL BE PRESSED TO EARLY SETTLEMENT. OTHERWISE WHAT COULD ISRAEL, SURROUNDED BY 100 MILLION ARABS, EXPECT OF THE FUTURE? PERCY REITERATED HIS STRONG IMPRESSION THAT ALL INTERESTED PARTIES IN MIDEAST BASICALLY WANTED PEACE. CONFIDENTIAL

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FOR ITS PART US WOULD SPARE NO EFFORT IN PURSUIT OF THAT GOAL.

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SS-15 USIA-06 EB-07 AID-05 ACDA-05 FEA-01 IO-10 AF-06

TRSE-00 /100 W

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R 130855Z JAN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1935

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

USCINCEUR

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4. CALL ON CROWN PRINCE/PRIME MINISTER: PERCY EXPLAINED HIS CURRENT RESPONSIBILITIES AND INTEREST IN MID EAST WHICH HE TERMED AREA OF WORLD OF TOP PRIORITY TO US TODAY. HE HAD LEARNED, HE SAID, OF KUWAIT'S KEEN DESIRE FOR PEACE AND AWARENESS OF PROBLEMS OF LESS FORTUNATE NATIONS AND PEOPLES. ALONG WITH KUWAIT, US PREPARED TO HELP THOSE POOR COUNTRIES STRUGGLING TO SURVIVE. CP/PM REPLIED SENATOR RIGHT ABOUT KUWAIT. KUWAITIS WERE NOT SAVAGES BENT ON DESTRUCTION OF MODERN WORLD, AS SOME PEOPLE WERE SAYING. THEY WANTED IMPROVE THEIR OWN LOT AND HELP OTHERS DO THE SAME.

B. PERCY EXPLAINED US DETERMINATION TO CONSERVE ENERGY AND REDUCE WASTE OF FUEL. HE SAID HE WOULD GREATLY VALUE CP/PM'S CONFIDENTIAL

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ASSURANCE THAT OIL PRICES WOULD NOT BE RAISED AS US AND EUROPEAN FUEL CONSUMPTION PROGRAMS BEGAN HAVE EFFECT; OTHERWISE THESE EFFORTS WOULD BE NEGATED, TO SERIOUS DETRIMENT OF ECONOMIES OF ALL CONCERNED. CP/PM SAID HE FULLY AGREED IN VALUE OF CONSERVATION WHICH WAS TO KUWAIT'S LONG-TERM INTEREST IN LENGTHENING LIFE OF ITS OWN OIL RESERVES. POINT KUWAIT TRYING GET ACROSS WAS THAT PROBLEM OF PRICES AND INFLATION IN WORLD NOT CONFINED TO OIL PRICES ONLY, AND THEREFORE KUWAIT NOT WILLING DIS-

CUSS OIL AS SEPARATE ISSUE. PERCY REPLIED HE COULD SEE THAT KUWAIT WAS ESPECIALLY VULNERABLE TO GENERAL INFLATION SINCE IT IMPORTED PRACTICALLY ALL OF ITS NEEDS. US. HE SAID, DOING ITS UTMOST IN EXPANDING FOOD PRODUCTION AND MANY OTHER WAYS WITH EXPRESS PURPOSE OF BRINGING PRICES DOWN WHEREVER POSSIBLE. PERCY SAID SUBJECT OF PRICES OF KEY COMMODITIES, INDEXING, ETC. WAS UNDER STUDY AND IN VIEW KUWAIT'S SPECIAL INTEREST, HE WOULD FORWARD TO CP/PM, THROUGH AMBASSADOR, REPRESENTATIVE LIST OF THOSE COMMODITY PRICES STUDIED THAT WERE IMPORTANT TO KUWAIT.

C. CP/PM SAID HE WANTED SENATOR TO KNOW THAT BECAUSE DEVELOPING NATIONS WERE EXPERIENCING DIFFICULTY IN BORROWING ADEQUATE FUNDS FROM WORLD BANK AT BEARABLE INTEREST RATES, HE HAD REQUESTED KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT (KFAED) TO DEVELOP PROPOSAL FOR A SPECIAL FUND TO WHICH MEMBERS OF OPEC WOULD CONTRIBUTE, ON REGULAR BASIS, TO BE ADMINISTERED BY WORLD BANK. NEEDY NATIONS WOULD BE ABLE BORROW FROM THIS FUND AT VERY LOW INTEREST RATES. PERCY EXPRESSED KEEN INTEREST IN FUND AND SAID HE WOULD ALSO DISCUSS IT WITH WORLD BANK PRES MCNAMARA WITH WHOM HE HAS LONG BEEN IN CLOSE TOUCH ON OPERATIONS OF WORLD BANK AND ITS ROLE IN DEVELOPING COUNTRIES.

D. CP/PM SAID HE REGRETTED KISSINGER STATEMENTS ON POSSIBILITY OF US ARMED INTERVENTION IN ARAB OIL PRODUCING STATES. IT PERFECTLY OBVIOUS, HE SAID, THAT US COULD TAKE OVER GULF "IN LESS THAN AN HOUR" IF IT CHOSE TO DO SO. SUCH STATEMENTS SOWED SEEDS OF DOUBT AND JOLTED MUTUAL UNDERSTANDING AND CONFIDENCE. PERCY SAID HE WONDERED IF MOST PEOPLE HAD READ KISSINGER'S STATEMENTS CAREFULLY. SECRETARY WAS ANSWERING HYPOTHETICAL QUESTION HYPOTHETICALLY. PERCY SAID HE COULD NOT BELIEVE PRODUCING STATES WOULD DO ANYTHING FOOLISH ENOUGH TO WARRANT ANY DRASTIC COUNTERMEASURES SUCH AS FORCE; AND HE DID NOT BELIEVE CIRCUMSTANCES WOULD REACH SUCH GRAVE PROPORTIONS AS CONFIDENTIAL

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THOSE POSITED IN ORIGINAL HYPOTHETICAL QUESTION.

E. PERCY SAID HE HOPED CP/PM WOULD VISIT US AND WHEN HE DID, SENATOR WISHED HIM BE GUEST OF FOREIGN RELATIONS COMMITTEE FOR LUNCH OR OTHER EVENT. CP/PM EXPRESSED WARM APPRECIATION FOR INVITATION.

5. COMMENT: ALTHOUGH BRIEF, VISIT OF SENATOR PERCY TO KUWAIT WAS OUTSTANDING SUCCESS. PERCY HANDLED AGGRESSIVE QUESTIONS BY FRIENDLY BUT WORRIED KUWAITIS EXTREMELY WELL. HE IS KEENLY AND INSTINCTIVELY AWARE OF URGENT NEED TO FOSTER DEEPER PERSONAL UNDERSTANDING AND CONFIDENCE BETWEEN US AND ARABS, AND HIS PRESENTATION OF US VIEWS WAS SINCERE, FIRM, AND MOST EFFECTIVE. IN SHORT HIS APPROACH IN KUWAIT WAS EXACTLY RIGHT, AND HIS VISIT WAS SIGNIFICANT CONTRIBUTION TO US-KUWAITI

RELATIONS.

6. SENATOR PERCY REQUESTS THAT PORTION OF HIS TALK WITH CP/PM  
(ABOVE) DEALING WITH ECONOMIC AND WORLD BANK MATTERS BE CONVEYED  
TO PRESIDENT IBRD MCNAMARA.  
STOLTZFUS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
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**Subject:** VISIT OF SENATOR PERCY TO KUWAIT  
**TAGS:** PFOR, ENRG, OVIP, KU, US, (PERCY, CHARLES)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006